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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR 1/104

1 February 1960

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

**Printed and Disseminated by the
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Summary of Events
15 - 28 January 1960

On 19 January the UAR announced officially that the USSR had agreed to finance the construction of the second stage of the Aswan High Dam project. The terms of the new agreement -- involving a credit of about \$287 million -- reportedly are the same as for the Soviet-Egyptian agreement on the first stage of the dam. Interest will be at the rate of 2.5 percent per year, and repayment will be made in Egyptian pounds over a 12-year period, beginning 1 year after work has been completed.

The USSR and Afghanistan signed a contract for Soviet assistance in the construction of a hydroelectric power station at Nughlu (on the Kabul River, east of the city of Kabul). The project will be financed under the Soviet \$100 million line of credit and will take 5 years to complete. An additional contract between the two countries calling for the development of the Darunta Gorge (west of Jalalabad, on the Kabul River) was also approved. The Darunta project will include the construction of an irrigation canal, a storage dam, and a hydroelectric plant.

Indonesia has canceled the \$30 million industrial development credit that was negotiated with Communist China in June 1959. The credit was granted to finance the construction of three spinning mills, a soda plant, and other projects.

Negotiations for a \$4.2 million tire-manufacturing plant, begun when a Burmese trade mission visited Czechoslovakia in June 1959, are now nearly complete.

Tunisia, which has trade agreements with six Bloc countries, is now seeking economic or technical assistance from the Bloc. During recent negotiations for the renewal of the Soviet-Tunisian trade agreement, Tunisian delegates indicated an interest in obtaining economic aid from the USSR, and a small Czechoslovak technical assistance team is now in Tunis to make a survey.

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A traveling Soviet technical, scientific, and cultural exposition is scheduled to open in Havana, Cuba, about 1 February. Soviet First Deputy Premier Mikoyan reportedly may fly to Cuba by Tu-114 jet to inaugurate the exposition. The exposition represents a further expansion of the current Bloc interest in Cuba. Other recent indications of this interest include (1) a Soviet offer of a credit of \$6 million to INRA (Instituto Nacional de Reforma Agraria) for the purchase of agricultural equipment; (2) recent sizable purchases of sugar by Poland, Communist China, and the USSR; (3) a visit by an East German trade delegation to Havana in November; and (4) an increased press and radio coverage of Cuban events by the Bloc.

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